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FM AMEMBASSY TRIPOLI
TO RUEHC/SECSTATE WASHDC 3918
INFO RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHMFIUU/DEPT OF ENERGY WASHINGTON DC
RUEHRL/AMEMBASSY BERLIN 0039
RUEHTU/AMEMBASSY TUNIS 0619
RUEHRB/AMEMBASSY RABAT 0715
RUEHTRO/AMEMBASSY TRIPOLI 4435

UNCLAS TRIPOLI 000745

SENSITIVE
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DEPT FOR NEA/MAG, ENERGY FOR GINA ERIKSON, COMMERCE FOR NATE
MASON

E.O. 12958: N/A

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SUBJECT: GERMAN OIL FIRM RWE MAKES TWO MORE DISCOVERIES IN LIBYA

REF: A) 08 TRIPOLI 474; B) 08 TRIPOLI 597

¶1. (SBU) The German oil firm RWE made two more oil discoveries in the Sirte Basin in Libya in September 2008. RWE's new successful discoveries do not reveal any new fields, but ensure the potential of its blocks in the Sirte Basin, where the quality of its sweet crude is high, and operating costs are low (\$1-5 a barrel). Further appraisal work will be required in order to confirm the scale of the anticipated reserves and the possibilities of exploiting them economically.

¶2. (SBU) RWE is assessing these new reservoirs and is planning five further exploratory wells. RWE also intends to drill a series of appraisal wells in order to further define the most promising areas in its concession.

¶3. (SBU) The agreement signed in June 2003 between RWE and the Libyan National Oil Corporation (NOC) fell under Exploration and Production Share Agreement-III (EPSA-III), and covers six blocks with a total area of 30,270 square kilometers. This EPSA agreement runs for a period of 30 years, with the NOC retaining a 68 percent interest in the block, and RWE holding the remaining 32 percent. RWE is the Operator with a 100 percent participation interest in these concessions. (Note: The EPSA-III framework featured significantly higher production shares for international oil companies (IOC's) whereas the latest EPSA-IV framework entails higher Libyan government shares (see refuels a, b). End note.)

¶4. (SBU) Comment: Overall, the exploration program of RWE in the Libyan Sirte Basin, with seven discoveries to date, is successful but not surprising since the Sirte Basin contains approximately 80 percent of Libya's total proven oil reserves. End of comment.

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